BEFORE THE

PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2009-3-E

In the Matter of)	
Annual Review of Base Rates)	SUPPLEMENTAL TESTIMONY OF
for Fuel Costs for)	JANE L. McMANEUS
Duke Energy Carolinas, LLC)	
)	

1		I. <u>INTRODUCTION AND PURPOSE</u>
2	Q.	PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.
3	A.	My name is Jane L. McManeus. My business address is 526 South Church Street,
4		Charlotte, North Carolina. I am Director, Rates for Duke Energy Carolinas, LLC
5		("Duke Energy Carolinas" or the "Company").
6	Q.	DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY AND EXHIBITS
7		IN THIS PROCEEDING?
8	A.	Yes.
9	Q.	WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?
10	A.	The purpose of my supplemental testimony is to present information supporting the
11		Settlement Agreement entered into by and among the Company, the Office of
12		Regulatory Staff ("ORS"), and the South Carolina Energy Users Committee
13		("SCEUC"), dated August 20, 2009 (the "Settlement").
14		II. THE SETTLEMENT
15	Q.	WHAT ARE THE PRINCIPAL PROVISIONS OF THE SETTLEMENT?
16	A.	The principal terms of the Settlement are as follows: (i) acceptance of ORS Witness
17		Robert A. Lawyer's pre-filed direct testimony concerning adjustments to the
18		Company's over/under recovered fuel and environmental costs; and (ii) acceptance
19		of the base fuel factors, environmental factors, and combined projected fuel factors
20		by customer class.
21	Q.	DOES DUKE ENERGY CAROLINAS ACCEPT THE ACCOUNTING
22		ADJUSTMENTS RECOMMENDED BY ORS WITNESS ROBERT
23		LAWYER?

- 1 A. Yes, as part of the Settlement, the Company accepts Mr. Lawyer's recommended
- adjustments to the Company's over/under recovered base fuel and environmental
- 3 costs.

4 III. <u>EFFECT OF THE SETTLEMENT ON PROPOSED FUEL RATES</u>

5 Q. WHAT IS THE NET EFFECT OF THE SETTLEMENT ON THE

6 **COMPANY'S FUEL FACTORS?**

A. The Settlement reduces the fuel rate set forth in my pre-filed direct testimony and exhibits, such that the combined projected fuel factors for the Company to charge for the period beginning with the first billing cycle in October 2009 through the last billing cycle of September 2010 by customer class are as follows:

Class of Service	SC Base Fuel Factor from McManeus Revised Exhibit 6 (¢/kWh)	Factor from McManeus Exhibits 7	Combined Projected SC Fuel Factor from McManeus Revised Exhibit 9 (¢/kWh)
Residential	1.9606	0.0047	1.9653
General/Lighting	1.9606	0.0058	1.9664
Industrial	1.9606	0.0038	1.9644

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Exhibit Nos. 5, 6, 7 and 9 to my pre-filed direct testimony have been updated to show the effect of the Settlement and are attached hereto as McManeus Revised

Exhibits 5, 6, 7 and 9.

IV. <u>CONCLUSION</u>

16 Q. WHAT IS DUKE ENERGY CAROLINAS ASKING THE PUBLIC SERVICE

17 COMMISSION OF SOUTH CAROLINA ("COMMISSION") TO DO?

18 A. Duke Energy Carolinas respectfully requests that the Commission approve the Settlement as presented.

- 1 Q. WERE McMANEUS REVISED EXHIBIT NOS. 5, 6, 7 AND 9 PREPARED
- 2 BY YOU OR UNDER YOUR SUPERVISION?
- 3 A. Yes.
- 4 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?
- 5 A. Yes, it does.

DUKE ENERGY CAROLINAS SOUTH CAROLINA FUEL CLAUSE 2009 ANNUAL FUEL FILING - JULY 2009

ACTUAL AND ESTIMATED FUEL COSTS AND REVENUES FOR JUNE 2008 - SEPTEMBER 2009 \$000

Line <u>No.</u>	<u>ltem</u>	Actual June 2008	Actual July 2008	Actual Aug. 2008	Actual Sept. 2008	Actual Oct. 2008	Actual Nov. 2008	Actual Dec. 2008	Actual Jan. 2009	Actual Feb. 2009	<u>Actual</u> March 2009	Actual April 2009	Actual May 2009	Estimate June 2009	Estimate July 2009	Estimate Aug. 2009	Estimate Sept. 2009
1	Fossil Fuel	\$171,248	\$131,703	\$139,592	\$122,314	\$107,300	\$122,139	\$109,816	\$135,289	\$ 92,747	\$ 95,398	\$ 71,461	\$ 81,511	\$111,016	\$132,749	\$152,007	\$166,332
2	Nuclear Fuel	15,448	16,725	16,827	15,191	13,347	12,713	17,092	18,460	16,639	17,970	17,964	15,052	17,506	18,107	18,107	14,535
3	Renewable Purch Pwr	0	0	0	0	0	0	0	0	0	0	0	0	183	183	183	183
4	Fuel In Purchases	43,239	25,748	14,468	10,770	17,175	25,781	9,381	5,392	8,793	4,196	7,657	10,847	18,901	20,070	15,274	17,188
5	Fuel In Intersystem Sales	<u>9,265</u>	<u>11.952</u>	<u>10.958</u>	<u>15,163</u>	<u>1.889</u>	<u>4,684</u>	<u>14,271</u>	22,562	<u>4,904</u>	2,123	<u>644</u>	<u>710</u>	<u>4.968</u>	12,630	10.969	11,622
6	Total Costs	\$220,670	\$162,224	\$159,929	\$133,112	\$135,933	\$155,949	\$122,018	\$136,579	\$113,275	\$115,441	\$ 96,438	\$106,700	\$ 142,637	\$158,478	\$174,601	\$186,615
7	MWH Sales	7,193,515	7,724,863	7,694,730	7,472,224	6,120,889	6,074,613	6,805,100	6,983,324	6,850,434	6,303,841	5,715,092	5,636,993	6,706,299	7,275,893	7,719,223	7,405,200
8	Fuel Cost ¢/KWH	3.0676	2.1000	2.0784	1.7814	2.2208	2.5672	1.7930	1.9558	1.6535	1.8313	1.6874	1.8929	2.1269	2.1781	2.2619	2.5201
9	¢/KWH Billed	1.7457	1.7457	1.7457	1.7457	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317	2.2317
10	SC Retail MWH Sales	1,897,043	2,028,039	2,035,741	1,990,377	1,584,631	1,592,476	1,769,078	1,694,883	1,741,562	1,557,118	1,434,985	1,424,373	1,800,428	1,915,141	2,037,537	1,967,114
11	\$ (Over) Under	\$25,077	\$7,185	\$6,773	\$711	(\$173)	\$5,343	(\$7,762)	(\$4,676)	(\$10,070)	(\$6,235)	(\$7,812)	(\$4,826)	(\$1,887)	(\$1,027)	\$615	\$5,673
12	Prior Period (Over)/Under	\$10,311															
13	Economic Purchase Adj. per Docket 2008-3-E				1,579												
14	PCL Giveback				(59,737)												
15	Cumulative (Over)/Under	\$35,388	\$42,573	\$49,346	(\$8,101)	(\$8,274)	(\$2,931)	(\$10,693)	(\$15,369)	(\$25,439)	(\$31,674)	(\$39,486)	(\$44,312)	(\$46,199)	(\$47,226)	(\$46,611)	(\$40,938)

DUKE ENERGY CAROLINAS SOUTH CAROLINA FUEL CLAUSE 2009 ANNUAL FUEL FILING - JULY 2009

PROJECTED PERIOD FUEL COST FOR OCTOBER 2009 - SEPTEMBER 2010 \$000

Line <u>No.</u>	<u>Item</u>	Oct. 2009	Nov. 2009	Dec. 2009	<u>Jan. 2010</u>	Feb. 2010	March 2010	<u>April 2010</u>	<u>May 2010</u>	June 2010	July 2010	Aug. 2010	Sept. 2010	12 Month <u>Total</u>
1	Fossil Fuel	\$93,620	\$90,943	\$116,191	\$134,539	\$123,369	\$110,538	\$108,704	\$90,556	\$110,129	\$132,373	\$151,366	\$145,208	\$1,407,531
2	Nuclear Fuel	15,149	15,673	17,436	19,065	17,216	16,677	15,680	16,317	18,430	19,065	19,065	18,135	207,907
3	Solar Distribution Generatio	-	-	1	4	7	14	20	26	32	38	44	50	236
4	Renewable Purch Pwr	183	183	285	285	285	285	285	603	603	603	603	603	4,805
5	Fuel In Purchases	30,932	25,508	13,285	9,730	12,014	(2,515)	4,941	19,430	18,672	19,883	15,074	16,965	183,918
6	Fuel In Intersystem Sales	<u>2,331</u>	<u>4,736</u>	<u>16,301</u>	<u>27,404</u>	<u>5,775</u>	<u>2,346</u>	<u>743</u>	<u>1,071</u>	<u>4,956</u>	<u>12,627</u>	<u>10,957</u>	<u>11,595</u>	100,842
7	Total Fuel Costs	\$137,553	\$127,571	\$130,897	\$136,218	\$147,116	\$122,653	\$128,886	\$125,860	\$142,909	\$159,334	\$175,194	\$169,365	\$1,703,556
8	Total MWH Sales	6,020,769	5,902,307	6,524,657	6,936,244	6,692,919	6,046,281	5,925,231	5,860,888	6,690,160	7,274,452	7,710,607	7,387,701	78,972,217
9	Fuel Costs Incurred ¢/kwh	2.2846	2.1614	2.0062	1.9639	2.1981	2.0286	2.1752	2.1475	2.1361	2.1903	2.2721	2.2925	2.1572
10	SC Retail MWH Sales	1,607,910	1,587,278	1,709,383	1,787,499	1,756,108	1,573,641	1,586,646	1,576,242	1,779,165	1,897,468	2,018,252	1,948,230	20,827,823
11	SC Fuel Costs	\$36,734	\$34,307	\$34,294	\$35,105	\$38,601	\$31,923	\$34,513	\$33,850	\$38,005	\$41,560	\$45,857	\$44,663	\$449,298
12	(Over)/Under on Exhibit 5													(\$40,938)
13	SC Fuel Costs													\$408,360
14	SC Fuel Cost ¢/kwh													1.9606

ACTUAL AND ESTIMATED ENVIRONMENTAL COST AND REVENUES FOR JUNE 2008 - SEPTEMBER 2009

		Summer 2007 Firm Coincident	
Line		Peak (CP)	CP
No.		KWs	%
1	Residential	1,730,860	41.57%
2	General/Lighting	1,240,264	29.79%
3	Industrial	1,192,132	28.63%
4	Total SC	4,163,256	100.00%

		1	Actual	P	Actual	Actu	ıal	Actua	<u> </u>	Actual		<u>Actual</u>	<u>A</u>	ctual	Act	tual	Acti	ual	Ac	ctual	Actual		<u>Actual</u>	Es	timate	Es	stimate	E	stimate	Es	stimate	16	Month
	Environmental Costs Incurred	Jui	ne 2008	Ju	ly 2008	Aug. 2	2008	Sept. 20	80	Oct. 200	<u>8</u> N	lov. 2008	Dec	c. 2008	Jan.	2009	Feb. 2	2009	Marc	h 2009	April 200	9 1	May 2009	Jun	e 2009	Jul	ly 2009	Αu	g. 2009	Sep	ot. 2009		Total
5	Reagents Expense	\$	3,486	\$	1,964	\$ 2,	396	\$ 3,0	69	\$ 1,74	6 \$	1,697	\$	2,209	\$ 1	1,875	\$ 1	,301	\$	2,003	\$ 1,06	9 9	1,594	\$	2,661	\$	2,606	\$	2,736	\$	2,203	\$	34,614
6	Emission Allowance Expense		201		190		164		44	8	6	113		97		36		17		19	1	9	13		16		27		25		20		1,187
7	Environmental Costs Recovered in																																
	Intersystem Sales		(101))	(351)	(257)	(72)	(2	7)	(62)		(362)		(500)		(113)		(34)	(1	2)	(11)		(9)		(24)		(17)		(6)		(2,057)
8	Gain on NOx Sales	_		_	(2.890)	(884)	(;	(59		2_	(128)		6		49	(1	,097)	(4,223)	(3,55	4)	(597)	_	(1,904)		(1,904)	_	(1,904)	_	(1,904)		(21,191)
9	Net Environmental Costs		\$3,586	((\$1,086)	\$1,	419	\$2,	82	\$1,80	6	\$1,619	5	\$1,950	\$1	1,460	;	\$108	(\$	2,236)	(\$2,47	7)	\$999		\$764		\$704		\$840		\$313	\$	12,553
10	SC % of KWH Sales		26.37%	,	26.25%	26.	46%	26.0	4%	25.89	%	26.22%	2	26.00%	24	4.27%	25	.42%	2	4.70%	25.11	%	25.27%	2	26.85%		26.32%		26.40%		26.56%		26.54%
11	SC Environmental Costs	\$	946		(285)	\$	375	\$	41	\$ 46	в \$	425	\$	507	\$	354	\$	28	\$	(552)	\$ (62	2) \$	253	\$	205	\$	185	\$	222	\$	83	\$	3,332
	SC Environmental Costs Billed																																
12	(Increment/(Decrement))	\$	1,040	\$	1,143	\$ 1,	137	\$ 1,0	99	\$ 24	5 \$	245	\$	292	\$	286	\$	287	\$	257	\$ 22	9 9	228	\$	289	\$	316	\$	335	\$	322	\$	7,751
	SC Environmental Costs																																
13	(Over)/Under Recovery	\$	(94)	\$	(1,428)	\$ (762)	\$ (58)	\$ 22	2 \$	180	\$	215	\$	68	\$	(260)	\$	(809)	\$ (85	1) \$	25	\$	(84)	\$	(131)	\$	(113)	\$	(239)	\$	(4,420)
14	Prior Period (Over)/Under Recovery	\$	(892))																													

Economic Purchase Adj.

15 per Docket 2008-3-E 1228

Cummulative SC Environmental

16 Costs (Over)/Under Recovery \$ (986) \$ (2,414) \$ (3,176) \$ (2,305.10) \$ (2,083) \$ (1,903) \$ (1,688) \$ (1,620) \$ (1,880) \$ (2,689) \$ (3,540) \$ (3,515) \$ (3,600) \$ (3,731) \$ (3,844) \$ (4,084)

SC Environmental Costs (Over)/Under Recovery Allocated on Firm CP KWs

17	Residential	\$ (1,698)
18	General/Lighting	(1,217)
19	Industrial	 (1,169)
20	Total SC	\$ (4,084)

Projected SC MWH Sales from Exhibit 8

 21
 Residential
 6,779,317

 22
 General/Lighting
 5,938,556

 24
 Industrial
 2,819,950

 24
 Total SC
 20,827,823

SC Environmental Costs (Over)/Under Recovery ¢/KWH

 25
 Residential

 26
 General/Lighting

 (0.0205)

(i.0.2144) (i.0.2144) (i.0.2144)

DUKE ENERGY CAROLINAS SOUTH CAROLINA FUEL CLAUSE 2009 ANNUAL FUEL FILING - JULY 2009

PROJECTED PERIOD FUEL FACTORS BY CUSTOMER CLASS

Line No.	Summary ¢/KWH	SC Base Fuel Factor from Revised Exhibit 6	SC Environmental Factor from Revised Exhibits 7 and 8	Combined Projected Fuel Factor
1	Residential	1.9606	0.0047	1.9653
2	General/Lighting	1.9606	0.0058	1.9664
3	Industrial	1.9606	0.0038	1.9644